



General Assembly

February Session, 2010

***Raised Bill No. 5347***

LCO No. 1621

\*01621\_\_\_\_\_PRI\*

Referred to Committee on Program Review and Investigations

Introduced by:  
(PRI)

***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE  
CONCERNING THE REVIEW, REPEAL AND MODIFICATION OF  
CERTAIN TAX CREDITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217i of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage and*  
3 *applicable to income or taxable years, as appropriate, commencing on or after*  
4 *January 1, 2011*):

5 (a) As used in this section:

6 (1) "Commissioner" means the Commissioner of Economic and  
7 Community Development;

8 (2) "Income year" means, with respect to entities subject to the  
9 insurance premiums tax under chapter 207, the corporation business  
10 tax under this chapter or the utilities company tax under chapter 212,  
11 the income year as determined under each of said chapters, as the case  
12 may be or, with respect to affected business entities, the taxable year as  
13 determined under chapter 229;

14 (3) "Taxpayer" means a person subject to tax under chapter 207, this  
15 chapter or chapter 212, or an affected business entity, as defined in  
16 section 12-284b;

17 (4) "New job" means a full-time job which (A) did not exist in this  
18 state prior to a taxpayer's application to the commissioner for an  
19 eligibility certificate under this section for a job creation credit, and (B)  
20 is filled by a new employee;

21 (5) "New employee" means a person hired by the taxpayer to fill a  
22 new full-time job. A new employee does not include a person who was  
23 employed in Connecticut by a related person with respect to the  
24 taxpayer during the prior twelve months;

25 (6) "Full-time job" means a job in which an employee is required to  
26 work at least thirty-five or more hours per week. A full-time job does  
27 not include a temporary or seasonal job;

28 (7) "Related person" means (A) a corporation, limited liability  
29 company, partnership, association or trust controlled by the taxpayer,  
30 (B) an individual, corporation, limited liability company, partnership,  
31 association or trust that is in control of the taxpayer, (C) a corporation,  
32 limited liability company, partnership, association or trust controlled  
33 by an individual, corporation, limited liability company, partnership,  
34 association or trust that is in control of the taxpayer, or (D) a member  
35 of the same controlled group as the taxpayer; and

36 (8) "Control", with respect to a corporation, means ownership,  
37 directly or indirectly, of stock possessing fifty per cent or more of the  
38 total combined voting power of all classes of the stock of such  
39 corporation entitled to vote. "Control", with respect to a trust, means  
40 ownership, directly or indirectly, of fifty per cent or more of the  
41 beneficial interest in the principal or income of such trust. The  
42 ownership of stock in a corporation, of a capital or profits interest in a  
43 partnership, limited liability company or association or of a beneficial  
44 interest in a trust shall be determined in accordance with the rules for

45 constructive ownership of stock provided in Section 267(c) of the  
46 Internal Revenue Code of 1986, or any subsequent corresponding  
47 internal revenue code of the United States, as from time to time  
48 amended, other than paragraph (3) of said Section 267(c).

49 (b) (1) There is established a jobs creation tax credit program  
50 whereby a taxpayer who creates [at least ten] a new [jobs] job in  
51 Connecticut may be allowed a credit against the tax imposed under  
52 chapter 207, this chapter, [or] chapter 212 or chapter 229, in an amount  
53 up to [sixty per cent of the income tax deducted and withheld from the  
54 wages of new employees and paid over to the state pursuant to  
55 chapter 229] fifteen per cent of the wages paid to a new employee,  
56 provided such new job provides the employee with wages greater than  
57 or equal to eighty per cent of the state median income and health care  
58 benefits.

59 (2) For each new employee, [credits] a maximum annual credit of  
60 four thousand dollars may be granted for [five] three successive years.  
61 Such credit shall be issued in installments over three years.

62 (3) The credit shall be claimed in the income year in which it is  
63 earned. Any credits not used in a tax year shall expire.

64 (c) (1) Any taxpayer planning to claim a credit under the provisions  
65 of this section shall apply to the commissioner in accordance with the  
66 provisions of this section. Credits shall be issued on a first-come, first-  
67 served basis. The application shall be on a form provided by the  
68 commissioner, and shall contain sufficient information [concerning the  
69 number of new jobs to be created, feasibility studies or business plans  
70 for the increased number of jobs, projected state and local revenue that  
71 might derive as a result of the job growth and other information  
72 necessary to demonstrate that there will be net benefits to the economy  
73 of the municipality and the state] to confirm that a job was created  
74 meeting the requirements in subdivision (1) of subsection (b) of this  
75 section, and a state resident was hired. The commissioner [shall] may  
76 impose a fee for such application as the commissioner deems

77 appropriate.

78 [(d) The commissioner shall determine whether (1) the taxpayer  
79 making the application is eligible for the tax credit, and (2) the  
80 proposed job growth (A) is economically viable only with use of the  
81 tax credit, (B) would provide a net benefit to economic development  
82 and employment opportunities in the state, and (C) conforms to the  
83 state plan of conservation and development prepared pursuant to  
84 section 16a-24. The commissioner may require the applicant to submit  
85 such additional information as may be necessary to evaluate the  
86 application.

87 (e) (1) The commissioner, upon consideration of the application and  
88 any additional information the commissioner requires, may approve  
89 the credit application, in whole or in part, if the commissioner  
90 concludes that the increase in the number of jobs is economically  
91 viable only with the use of the tax credit and that the revenue  
92 generated due to economic development and employment  
93 opportunities created in the state exceeds the credit and any other  
94 credits to be taken. If the commissioner disapproves an application, the  
95 commissioner shall specifically identify the defects in the application  
96 and specifically explain the reasons for the disapproval. The  
97 commissioner shall render a decision on an application not later than  
98 ninety days after the date of its receipt by the commissioner.]

99 (2) The total amount of credits granted to all taxpayers shall not  
100 exceed [ten] twenty-five million dollars in any one fiscal year.

101 (3) A credit under this section may be granted to a taxpayer for not  
102 more than [five] three successive income years.

103 (4) The commissioner may combine approval of a credit application  
104 with the exercise of any of the commissioner's other powers, including,  
105 but not limited to, the provision of other forms of financial assistance.

106 [(f)] (d) Upon approving a taxpayer's credit application, the

107 commissioner shall issue a credit allocation notice certifying that the  
108 credits will be available to be claimed by the taxpayer if the taxpayer  
109 otherwise meets the requirements of this section. No later than thirty  
110 days after the close of the taxpayer's income year, the taxpayer shall  
111 provide information to the commissioner regarding (1) the number of  
112 new jobs created for the year and the [income tax deducted and  
113 withheld from the wages of such new employees and paid over to the  
114 state for such year] wages paid for each new job, and (2) confirmation  
115 that such new employees receive health benefits. The commissioner  
116 shall issue a certificate of eligibility that includes the taxpayer's name,  
117 the number of new jobs created, and the amount of the credit certified  
118 for the year. The certificate shall be issued by the commissioner sixty  
119 days after the close of the taxpayer's income year or thirty days after  
120 the information is provided, whichever comes first.

121       ~~[(g)]~~ (e) The commissioner shall, upon request, provide a copy of the  
122 certificate of eligibility issued under subsection ~~[(f)]~~ (d) of this section  
123 to the Commissioner of Revenue Services.

124       ~~[(h)]~~ (f) (1) If (A) the number of new employees on account of which  
125 a taxpayer claimed the credit allowed by this section decreases to less  
126 than the number for which the commissioner issued an eligibility  
127 certificate during any of the four years succeeding the first full income  
128 year following the issuance of an eligibility certificate, and (B) those  
129 employees are not replaced by other employees who have not been  
130 shifted from an existing location of the taxpayer or a related person in  
131 this state, the taxpayer shall be required to recapture a percentage of  
132 the credit allowed under this section on its tax return, as determined  
133 under the provisions of subdivision (2) of this subsection. The  
134 commissioner shall provide notice of the required recapture amount to  
135 both the taxpayer and the Commissioner of Revenue Services.

136       (2) If the taxpayer is required under the provisions of subdivision  
137 (1) of this subsection to recapture a portion of the credit during (A) the  
138 first of such four years, then ninety per cent of the credit allowed shall

139 be recaptured on the tax return required to be filed for such year, (B)  
 140 the second of such four years, then sixty-five per cent of the credit  
 141 allowed for the entire period of eligibility shall be recaptured on the  
 142 tax return required to be filed for such year, (C) the third of such four  
 143 years, then fifty per cent of the credit allowed for the entire period of  
 144 eligibility shall be recaptured on the tax return required to be filed for  
 145 such year, and (D) the fourth of such four years, then thirty per cent of  
 146 the credit allowed for the entire period of eligibility shall be recaptured  
 147 on the tax return required to be filed for such year.

148 (g) No taxpayer claiming the tax credit under this section with  
 149 respect to a new job or new employee may claim any credit against any  
 150 tax under any other provision of the general statutes with respect to  
 151 the same new job or new employee.

152 Sec. 2. Subdivision (1) of subsection (b) of section 12-217jj of the 2010  
 153 supplement to the general statutes is repealed and the following is  
 154 substituted in lieu thereof (*Effective from passage and applicable to income*  
 155 *years commencing on or after January 1, 2010*):

156 (b) (1) The Department of Economic and Community Development  
 157 shall administer a system of tax credit vouchers within the resources,  
 158 requirements and purposes of this section for eligible production  
 159 companies producing a state-certified qualified production in the state.

160 (A) For income years commencing on or after January 1, 2006, but  
 161 prior to January 1, 2010, any eligible production company incurring  
 162 production expenses or costs in excess of fifty thousand dollars shall be  
 163 eligible for a credit against the tax imposed under chapter 207 or this  
 164 chapter equal to thirty per cent of such production expenses or costs.

165 (B) For income years commencing on or after January 1, 2010, (i) any  
 166 eligible production company incurring production expenses or costs of  
 167 not less than one hundred thousand dollars, but not more than five  
 168 hundred thousand dollars, shall be eligible for a credit against the tax  
 169 imposed under chapter 207 or this chapter equal to ten per cent of such

170 production expenses or costs, (ii) any such company incurring such  
 171 expenses or costs of more than five hundred thousand dollars, but not  
 172 more than one million dollars, shall be eligible for a credit against the  
 173 tax imposed under chapter 207 or this chapter equal to fifteen per cent  
 174 of such production expenses or costs, and (iii) any such company  
 175 incurring such expenses or costs of more than one million dollars shall  
 176 be eligible for a credit against the tax imposed under chapter 207 or  
 177 this chapter equal to [thirty] twenty per cent of such production  
 178 expenses or costs.

179 (C) No eligible production company incurring an amount of  
 180 production expenses or costs that qualifies for such credit shall be  
 181 eligible for such credit unless on or after January 1, 2010, such  
 182 company conducts not less than fifty per cent of principal photography  
 183 days within the state or expends not less than fifty per cent of  
 184 postproduction costs within the state.

185 (D) (i) For income years commencing on or after January 1, 2009, but  
 186 prior to January 1, 2010, fifty per cent of production expenses or costs  
 187 shall be counted toward such credit when incurred outside the state  
 188 and used within the state, and one hundred per cent of such expenses  
 189 or costs shall be counted toward such credit when incurred within the  
 190 state and used within the state.

191 (ii) For income years commencing on or after January 1, 2010, no  
 192 expenses or costs incurred outside the state and used within the state  
 193 shall be eligible for a credit, and one hundred per cent of such  
 194 expenses or costs shall be counted toward such credit when incurred  
 195 within the state and used within the state.

196 Sec. 3. Subsection (b) of section 12-217kk of the 2010 supplement to  
 197 the general statutes is repealed and the following is substituted in lieu  
 198 thereof (*Effective from passage and applicable to income years commencing*  
 199 *on or after January 1, 2010*):

200 (b) (1) (A) For income years commencing prior to January 1, 2010,

201 there shall be allowed a state-certified project credit against the tax  
202 imposed under chapter 207 or this chapter to any taxpayer that invests  
203 in a state-certified project. Such credit may be in the following  
204 amounts: (i) For state-certified projects costing greater than fifteen  
205 thousand dollars and less than one hundred fifty thousand dollars,  
206 each taxpayer may be allowed a tax credit of ten per cent of the  
207 investment made by such taxpayer; (ii) for state-certified projects  
208 costing one hundred fifty thousand dollars or more, but less than one  
209 million dollars, each taxpayer may be allowed a tax credit of fifteen per  
210 cent of the investment made by such taxpayer; and (iii) for state-  
211 certified projects costing one million dollars or more, each taxpayer  
212 may be allowed a tax credit of twenty per cent of the investment made  
213 by such taxpayer.

214 (B) For income years commencing on or after January 1, 2010, there  
215 shall be allowed a state-certified project credit against the tax imposed  
216 under chapter 207 or this chapter to any taxpayer that invests three  
217 million dollars or more in a state-certified project in an amount equal  
218 to [twenty] thirty per cent of the investment made by such taxpayer.

219 (2) Eligible expenditures pursuant to this section shall include the  
220 following: All expenditures for a capital project to provide buildings,  
221 facilities or installations, whether leased or purchased, together with  
222 necessary equipment for a film, video, television, digital production  
223 facility or digital animation production facility; project development,  
224 including design, professional consulting fees and transaction costs;  
225 development, preproduction, production, post-production and  
226 distribution equipment and system access; and fixtures and other  
227 equipment.

228 (3) Any credit allowed pursuant to this section may be sold,  
229 assigned or otherwise transferred, in whole or in part, to one or more  
230 taxpayers, and such taxpayers may sell, assign or otherwise transfer, in  
231 whole or in part, such credit. Any taxpayer holding such credit may  
232 claim such credit only for the income year in which expenditures were



233 made by the taxpayer for the infrastructure project.

234 (4) Any credit allowed pursuant to this section shall be claimed  
235 against the tax imposed under chapter 207 or this chapter. If the  
236 amount of the credit allowable under this section exceeds the sum of  
237 any taxes due from a taxpayer, any such excess amount of the credit  
238 allowable under this section may be taken in any of the three  
239 immediately succeeding income years.

240 (5) Any tax credit earned under this section shall be nonrefundable.

241 Sec. 4. Subsection (a) of section 32-1m of the 2010 supplement to the  
242 general statutes is amended by adding subdivision (21) as follows  
243 (*Effective from passage*):

244 (NEW) (21) With regard to any new or existing financial assistance  
245 programs administered by the department, including, but not limited  
246 to, the urban and industrial site reinvestment program established  
247 pursuant to section 32-9t, the tax credit programs established pursuant  
248 to sections 12-217jj to 12-217ll, inclusive, the jobs incentive program  
249 established pursuant to sections 32-9i to 32-9l, inclusive, and enterprise  
250 zones established pursuant to section 32-70:

251 (A) Information as required in subparagraphs (A) and (B) of  
252 subdivision (3) of this subsection regarding the entities receiving the  
253 tax credits provided as part of such new or existing financial assistance  
254 programs;

255 (B) A listing, by program, of the amount of tax credits approved by  
256 the department during the preceding calendar year;

257 (C) A statement of the goals of each of the programs, the actual  
258 economic impact and the current performance standards to ensure that  
259 the tax credits provided are furthering such goals; and

260 (D) A recommendation as to whether each such new or existing  
261 financial assistance program should be continued, modified or

262 repealed. Such recommendation shall be presented to the Business Tax  
263 Credit and Tax Policy Review Committee established pursuant to  
264 section 12-217z.

265 Sec. 5. Subsection (j) of section 38a-88a of the general statutes is  
266 repealed and the following is substituted in lieu thereof (*Effective July*  
267 *1, 2010, and applicable to income or taxable years, as applicable, commencing*  
268 *on or after January 1, 2010*):

269 (j) The tax credit allowed by this section shall only be available for  
270 investments in funds that are not open to additional investments or  
271 investors beyond the amount subscribed at the formation of the fund.  
272 No credits shall be allowed under this section for investments in any  
273 fund created on or after July 1, 2000. [No] On and after January 1, 2010,  
274 no credit shall be allowed under this section for investments made in  
275 an insurance business through [such fund after December 31, 2015]  
276 any fund, regardless of the date on which the fund was created.

277 Sec. 6. (NEW) (*Effective from passage*) On or before December 31,  
278 2010, and annually thereafter, the Commissioner of Revenue Services  
279 shall, in accordance with the provisions of section 11-4a of the general  
280 statutes, provide a report to the Business Tax Credit and Tax Policy  
281 Review Committee established pursuant to section 12-217z of the  
282 general statutes summarizing and evaluating all tax credit programs  
283 administered by the Department of Revenue Services. Such report  
284 shall include, but need not be limited to, for each tax credit program  
285 (1) the number of taxpayers granted tax credits during the previous  
286 twelve-month period, (2) the amount of the tax credits granted, (3) a  
287 summary of the goals of each tax credit program, the actual economic  
288 impact and an analysis of whether the goals of each such program are  
289 being met, and (4) a recommendation as to whether each of such  
290 programs should be continued, modified or repealed.

291 Sec. 7. Section 32-236 of the general statutes is repealed and the  
292 following is substituted in lieu thereof (*Effective from passage*):

293       (a) In furtherance of the economic development of the state, the  
294 Department of Economic and Community Development may provide  
295 financial assistance under sections 32-220 to 32-235, inclusive, to a  
296 financial institution, [as defined in section 12-217u,] which has not less  
297 than two thousand qualified employees, determined in accordance  
298 with [subsections (d) and (e) of said section 12-217u] subsection (c) of  
299 this section, at a facility or facilities located in a municipality in this  
300 state with a population greater than one hundred thousand. The  
301 provisions of section 32-462 shall not apply to such assistance.

302       (b) For purposes of this section:

303       (1) "Financial institution" means (A) any bank, holding company or  
304 out-of-state bank, as those terms are defined in section 36a-2, or out-of-  
305 state holding company, as that term is defined in section 36a-410,  
306 which directly or indirectly establishes an office in the state and is  
307 subject to the supervision of or regulation by the Banking  
308 Commissioner pursuant to title 36a or by one or more federal banking  
309 agencies pursuant to applicable federal law, and (B) any establishment  
310 described in major group 61 or 62 in the Standard Industrial  
311 Classification Manual, United States Office of Management and  
312 Budget, 1987 edition, or in Subsector 522 or 523 in the North American  
313 Industrial Classification System, United States Manual, United States  
314 Office of Management and Budget, 1997 edition, as engaged primarily  
315 in the extending of credit in the form of loans or the underwriting,  
316 purchase, sale or brokerage of securities and other financial contracts  
317 on their own account or for the account of others, and exchanges,  
318 exchange clearinghouses and other services allied with the exchange of  
319 securities and commodities or a holding company controlling any such  
320 establishment.

321       (2) "Qualified employee" means an individual whose compensation  
322 is paid within this state and who is (A) is employed directly by the  
323 financial institution or a related person and who works an average of  
324 at least thirty-five hours per week for at least eight consecutive weeks

325 for such financial institution or related person, (B) an independent  
326 contractor of the financial institution or of a related person and who  
327 works an average of at least thirty-five hours per week for at least eight  
328 consecutive weeks for such financial institution or related person, or  
329 (C) an employee or principal of a company other than the financial  
330 institution or a related person if (i) such individual works an average  
331 of at least thirty-five hours per week for at least eight consecutive  
332 weeks providing services to the financial institution or a related  
333 person, and (ii) such company derives not less than eighty per cent of  
334 its gross revenues from the financial institution, one or more related  
335 persons or a combination thereof. "Qualified employee" shall not  
336 include any individual who would have satisfied the criteria of a  
337 qualified employee prior to the date that a proposal by the financial  
338 institution to create new positions in this state was approved by the  
339 commissioner; and (D) notwithstanding the provisions of  
340 subparagraphs (A) to (C), inclusive, of this subdivision, an individual  
341 is not a qualified employee if (i) the prior employer of such individual  
342 was a company other than the financial institution or a related person,  
343 (ii) compensation was paid in this state to such individual by such  
344 employer, (iii) the individual was employed for an average of at least  
345 thirty-five hours per week and had been employed by such employer  
346 for at least eight consecutive weeks, and (iv) either (I) the individual is  
347 employed directly by the financial institution or a related person in  
348 which the prior employer had an ownership interest equal to ten per  
349 cent or more of the voting rights of the financial institution or related  
350 person at the time such individual became employed by the financial  
351 institution or related person, unless the position previously held by  
352 such individual with the prior employer has been filled by the prior  
353 employer; (II) the individual is employed directly by the financial  
354 institution or a related person which had an ownership interest equal  
355 to ten per cent or more of the voting rights of the prior employer at the  
356 time such individual became employed by the financial institution or  
357 related person, unless the position previously held by such individual  
358 with the prior employer has been filled by the prior employer; or (III)

359 the prior employer of such individual was a company which was  
360 acquired directly or indirectly by, or merged or consolidated with, the  
361 financial institution or a related person and the individual was  
362 employed by that company at the date of such acquisition, merger or  
363 consolidation.

364 (3) "Related person" means a corporation, limited liability company,  
365 partnership, trust, association, unincorporated organization or similar  
366 organization that is controlled by the financial institution.

367 (4) "Control" with respect to a corporation means ownership of  
368 stock possessing at least fifty per cent of the total combined voting  
369 power of all classes of stock entitled to vote. "Control" with respect to a  
370 partnership, association or similar unincorporated organization means  
371 ownership of at least fifty per cent of the capital or profits interest in  
372 such partnership or association. "Control" with respect to a trust means  
373 ownership of at least fifty per cent of the beneficial interest in the  
374 principal or income of such trust. Ownership shall be determined as  
375 provided in Section 267(c) of the Internal Revenue Code of 1986, as in  
376 effect on October 14, 1994, other than Paragraph (3) of said section.

377 (c) For purposes of determining the number and specification of  
378 qualified employees under this section, with respect to any taxpayer  
379 that has received financial assistance under this section, the dates,  
380 numbers and specifications shall be the dates, numbers and  
381 specifications provided in an agreement executed by the  
382 Commissioner of Economic and Community Development with such  
383 financial institution to provide financial assistance pursuant to this  
384 section. In no event shall the definition of qualified employee be more  
385 favorable to the employer than the definition provided in this section.

386 Sec. 8. Subdivision (59) of section 12-81 of the 2010 supplement to  
387 the general statutes is repealed and the following is substituted in lieu  
388 thereof (*Effective from passage*):

389 (59) (a) Any manufacturing facility, as defined in section 32-9p,

390 acquired, constructed, substantially renovated or expanded on or after  
391 July 1, 1978, in a distressed municipality, as defined in said section or  
392 in a targeted investment community, as defined in section 32-222, or in  
393 an enterprise zone designated pursuant to section 32-70 and for which  
394 an eligibility certificate has been issued by the Department of  
395 Economic and Community Development, and any manufacturing  
396 plant designated by the Commissioner of Economic and Community  
397 Development under subsection (a) of section 32-75c as follows: To the  
398 extent of eighty per cent of its valuation for purposes of assessment in  
399 each of the five full assessment years following the assessment year in  
400 which the acquisition, construction, renovation or expansion of the  
401 manufacturing facility is completed, except that a manufacturing  
402 facility having a standard industrial classification code of 2833 or 2834  
403 and having at least one thousand full-time employees, as defined in  
404 subsection (f) of section 32-9j, shall be eligible to have the assessment  
405 period extended for five additional years upon approval of the  
406 commissioner, in accordance with all applicable regulations, provided  
407 such full-time employees have not been relocated from another facility  
408 in the state operated by the same eligible applicant;

409 (b) Any service facility, as defined in section 32-9p, acquired,  
410 constructed, substantially renovated or expanded on or after July 1,  
411 1996, and for which an eligibility certificate has been issued by the  
412 Department of Economic and Community Development, as follows: (i)  
413 In the case of an investment of twenty million dollars or more but not  
414 more than thirty-nine million dollars in the service facility, to the  
415 extent of forty per cent of its valuation for purposes of assessment in  
416 each of the five full assessment years following the assessment year in  
417 which the acquisition, construction, renovation or expansion of the  
418 service facility is completed; (ii) in the case of an investment of more  
419 than thirty-nine million dollars but not more than fifty-nine million  
420 dollars in the service facility, to the extent of fifty per cent of its  
421 valuation for purposes of assessment in each of the five full assessment  
422 years following the assessment year in which the acquisition,  
423 construction, renovation or expansion of the service facility is

424 completed; (iii) in the case of an investment of more than fifty-nine  
425 million dollars but not more than seventy-nine million dollars in the  
426 service facility, to the extent of sixty per cent of its valuation for  
427 purposes of assessment in each of the five full assessment years  
428 following the assessment year in which the acquisition, construction,  
429 renovation or expansion of the service facility is completed; (iv) in the  
430 case of an investment of more than seventy-nine million dollars but  
431 not more than ninety million dollars in the service facility, to the extent  
432 of seventy per cent of its valuation for purposes of assessment in each  
433 of the five full assessment years following the assessment year in  
434 which the acquisition, construction, renovation or expansion of the  
435 service facility is completed; or (v) in the case of an investment of more  
436 than ninety million dollars in the service facility, to the extent of eighty  
437 per cent of its valuation for purposes of assessment in each of the five  
438 full assessment years following the assessment year in which the  
439 acquisition, construction, renovation or expansion of the service  
440 facility is completed, except that any financial institution, as defined in  
441 [section 12-217u] subsection (b) of section 32-236, as amended by this  
442 act, having at least four thousand qualified employees, as determined  
443 in accordance with an agreement pursuant to [subdivision (3) of  
444 subsection (n) of section 12-217u] subsection (c) of section 32-236, as  
445 amended by this act, shall be eligible to have the assessment period  
446 extended for five additional years upon approval of the commissioner,  
447 in accordance with all applicable regulations, provided such full-time  
448 employees have not been relocated from another facility in the state  
449 operated by the same eligible applicant. In no event shall the definition  
450 of qualified employee be more favorable to the employer than the  
451 definition provided in section [12-217u] 32-236, as amended by this act;

452 (c) The completion date of a manufacturing facility, manufacturing  
453 plant or a service facility will be determined by the Department of  
454 Economic and Community Development taking into account the  
455 issuance of occupancy certificates and such other factors as it deems  
456 relevant. In the case of a manufacturing facility, manufacturing plant  
457 or a service facility which consists of a constructed, renovated or

458 expanded portion of an existing plant, the assessed valuation of the  
459 facility or manufacturing plant is the difference between the assessed  
460 valuation of the plant prior to its being improved and the assessed  
461 valuation of the plant upon completion of the improvements. In the  
462 case of a manufacturing facility, manufacturing plant or a service  
463 facility which consists of an acquired portion of an existing plant, the  
464 assessed valuation of the facility or manufacturing plant is the assessed  
465 valuation of the portion acquired. This exemption shall be applicable  
466 during each such assessment year regardless of any change in the  
467 ownership or occupancy of the facility or manufacturing plant. If  
468 during any such assessment year, however, any facility for which an  
469 eligibility certificate has been issued ceases to qualify as a  
470 manufacturing facility, manufacturing plant or a service facility, the  
471 entitlement to the exemption allowed by this subdivision shall  
472 terminate for the assessment year following the date on which the  
473 qualification ceases, and there shall not be a pro rata application of the  
474 exemption. Any person who desires to claim the exemption provided  
475 in this subdivision shall file annually with the assessor or board of  
476 assessors in the distressed municipality, targeted investment  
477 community or enterprise zone designated pursuant to section 32-70 in  
478 which the manufacturing facility or service facility is located, on or  
479 before the first day of November, written application claiming such  
480 exemption on a form prescribed by the Secretary of the Office of Policy  
481 and Management. Failure to file such application in this manner and  
482 form within the time limit prescribed shall constitute a waiver of the  
483 right to such exemption for such assessment year, unless an extension  
484 of time is allowed pursuant to section 12-81k, and upon payment of the  
485 required fee for late filing;

486 Sec. 9. Subdivision (60) of section 12-81 of the 2010 supplement to  
487 the general statutes is repealed and the following is substituted in lieu  
488 thereof (*Effective from passage*):

489 (60) (a) (1) Machinery and equipment which represents an addition  
490 to the assessment or grand list of the municipality in which this



491 exemption is claimed and is installed in any manufacturing facility, as  
492 defined in section 32-9p, which facility is or has been constructed, or  
493 substantially renovated or expanded on or after July 1, 1978, in a  
494 distressed municipality or targeted investment community or  
495 enterprise zone designated pursuant to section 32-70 and for which an  
496 eligibility certificate has been issued by the Department of Economic  
497 and Community Development, concurrently with and directly  
498 attributable to such construction, renovation or expansion, (2)  
499 machinery and equipment which represents an addition to the  
500 assessment or grand list of the municipality in which this exemption is  
501 claimed and is installed, or machinery and equipment existing, in any  
502 manufacturing facility, as defined in section 32-9p, which facility is or  
503 has been acquired on or after July 1, 1978, in a distressed municipality,  
504 targeted investment community or enterprise zone designated  
505 pursuant to section 32-70 and for which an eligibility certificate has  
506 been issued by the Department of Economic and Community  
507 Development, and (3) machinery and equipment acquired and  
508 installed on or after October 1, 1986, in a manufacturing facility that is  
509 or has at one time been certified as eligible for the exemption under  
510 this subparagraph in accordance with section 32-9r, and which  
511 continues to be used for manufacturing purposes, provided such  
512 machinery and equipment is installed in conjunction with an  
513 expansion program that satisfies the requirements for a manufacturing  
514 facility, as defined in section 32-9p, and is contiguous to and represents  
515 an increase in square feet of floor space of not less than fifty per cent of  
516 the floor space in the certified manufacturing facility, as follows: To the  
517 extent of eighty per cent of its valuation for purposes of assessment in  
518 each of the five full assessment years for which the manufacturing  
519 facility in which it is installed qualifies for an exemption under  
520 subdivision (59) of this section, except that a facility having a code  
521 classification 2833 or 2834 in the Standard Industrial Code  
522 Classification Manual, United States Office of Management and  
523 Budget, 1987 edition, wherein at least one thousand new full-time  
524 employees, as defined in subsection (f) of section 32-9j, are employed,

525 shall be eligible to have the assessment period under this subdivision  
526 extended for five additional years upon approval of the commissioner,  
527 provided the commissioner approves an extension of the assessment  
528 period under subdivision (59) of this section for said facility;

529 (b) (1) Machinery and equipment which represents an addition to  
530 the assessment or grand list of the municipality in which this  
531 exemption is claimed and is installed in any service facility, as defined  
532 in section 32-9p, which facility is or has been constructed, or  
533 substantially renovated or expanded on or after July 1, 1996, and for  
534 which an eligibility certificate has been issued by the Department of  
535 Economic and Community Development, concurrently with and  
536 directly attributable to such construction, renovation or expansion, (2)  
537 machinery and equipment which represents an addition to the  
538 assessment or grand list of the municipality in which this exemption is  
539 claimed and is installed, or machinery and equipment existing, in any  
540 service facility, as defined in section 32-9p, which facility is or has been  
541 acquired on or after July 1, 1996, and for which an eligibility certificate  
542 has been issued by the department, and (3) machinery and equipment  
543 acquired and installed on or after July 1, 1996, in a service facility that  
544 is or has at one time been certified as eligible for the exemption under  
545 this subparagraph in accordance with section 32-9r and which  
546 continues to be used for service purposes, provided such machinery  
547 and equipment is installed in conjunction with an expansion program  
548 that satisfies the requirements for a service facility, as defined in  
549 section 32-9p, and is contiguous to and represents an increase in  
550 square feet of floor space of not less than fifty per cent of the floor  
551 space in the certified service facility, as follows: (i) In the case of an  
552 investment of twenty million dollars or more but not more than thirty-  
553 nine million dollars in the service facility, to the extent of forty per cent  
554 of its valuation for purposes of assessment in each of the five full  
555 assessment years for which the service facility in which it is installed  
556 qualifies for an exemption under subdivision (59) of this section; (ii) in  
557 the case of an investment of more than thirty-nine million dollars but  
558 not more than fifty-nine million dollars in the service facility, to the

559 extent of fifty per cent of its valuation for purposes of assessment in  
560 each of the five full assessment years for which the service facility in  
561 which it is installed qualifies for an exemption under subdivision (59)  
562 of this section; (iii) in the case of an investment of more than fifty-nine  
563 million dollars but not more than seventy-nine million dollars in the  
564 service facility, to the extent of sixty per cent of its valuation for  
565 purposes of assessment in each of the five full assessment years for  
566 which the service facility in which it is installed qualifies for an  
567 exemption under subdivision (59) of this section; (iv) in the case of an  
568 investment of more than seventy-nine million dollars but not more  
569 than ninety million dollars in the service facility, to the extent of  
570 seventy per cent of its valuation for purposes of assessment in each of  
571 the five full assessment years for which the service facility in which it  
572 is installed qualifies for an exemption under subdivision (59) of this  
573 section; or (v) in the case of an investment of more than ninety million  
574 dollars in the service facility, to the extent of eighty per cent of its  
575 valuation for purposes of assessment in each of the five full assessment  
576 years for which the service facility in which it is installed qualifies for  
577 an exemption under subdivision (59) of this section, except that any  
578 financial institution, as defined in section [12-217u] 32-236, as amended  
579 by this act, having at least four thousand qualified employees, as  
580 determined in accordance with an agreement pursuant to [subdivision  
581 (3) of subsection (n) of section 12-217u] subsection (c) of section 32-236,  
582 as amended by this act, shall be eligible to have the assessment period  
583 extended for five additional years upon approval of the commissioner,  
584 in accordance with all applicable regulations, provided such full-time  
585 employees have not been relocated from another facility in the state  
586 operated by the same eligible applicant. In no event shall the definition  
587 of qualified employee be more favorable to the employer than the  
588 definition provided in section [12-217u] 32-236, as amended by this act;

589 (c) This exemption shall terminate for the assessment year next  
590 following if the manufacturing facility or service facility in which such  
591 machinery and equipment is installed no longer qualifies for an  
592 exemption under said subdivision (59), and there shall not be a pro

593 rata application of the exemption of such machinery and equipment in  
 594 the assessment year of such termination. Any person who desires to  
 595 claim the exemption provided in this subdivision shall file annually  
 596 with the assessor or board of assessors in the distressed municipality,  
 597 targeted investment community or enterprise zone designated  
 598 pursuant to section 32-70 in which the manufacturing facility or service  
 599 facility is located, on or before the first day of November, written  
 600 application claiming such exemption on a form prescribed by the  
 601 Secretary of the Office of Policy and Management. Failure to file such  
 602 application in this manner and form within the time limit prescribed  
 603 shall constitute a waiver of the right to such exemption for such  
 604 assessment year, unless an extension of time is allowed pursuant to  
 605 section 12-81k, and upon payment of the required fee for late filing.  
 606 This exemption shall not apply to rolling stock;

607 Sec. 10. Sections 10-228b, 12-217l, 12-217u and 12-217cc of the  
 608 general statutes are repealed. (*Effective from passage and applicable to*  
 609 *income years commencing on or after January 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to income or taxable years, as appropriate, commencing on or after January 1, 2011</i>	12-217ii
Sec. 2	<i>from passage and applicable to income years commencing on or after January 1, 2010</i>	12-217jj(b)(1)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2010</i>	12-217kk(b)
Sec. 4	<i>from passage</i>	32-1m(a)

Sec. 5	<i>July 1, 2010, and applicable to income or taxable years, as applicable, commencing on or after January 1, 2010</i>	38a-88a(j)
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	32-236
Sec. 8	<i>from passage</i>	12-81(59)
Sec. 9	<i>from passage</i>	12-81(60)
Sec. 10	<i>from passage and applicable to income years commencing on or after January 1, 2011</i>	Repealer section

**Statement of Purpose:**

To implement the recommendations of the Legislative Program Review and Investigations Committee concerning the review, repeal and modification of certain tax credits.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*